

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

	X
<i>In re</i>	:
	:
THE FINANCIAL OVERSIGHT AND	:
MANAGEMENT BOARD FOR PUERTO RICO,	:
	:
as representative of	:
	:
THE COMMONWEALTH OF PUERTO RICO, <i>et</i>	:
<i>al.</i>	:
	:
Debtor.	:

<i>In re</i>	:	X
	:	
THE FINANCIAL OVERSIGHT AND	:	PROMESA
MANAGEMENT BOARD FOR PUERTO RICO,	:	Title III
	:	
as representative of	:	
	:	Case No. 17-4780-LTS
PUERTO RICO ELECTRIC POWER	:	
AUTHORITY (PREPA),*	:	(Jointly Administered)
	:	
Debtor.	:	

**REPLY OF FUEL LINE LENDERS WITH RESPECT TO URGENT MOTION FOR  
EXAMINATION OF OVERSIGHT BOARD UNDER FEDERAL RULE OF  
BANKRUPTCY PROCEDURE 2004 CONCERNING  
VITOL SETTLEMENT AGREEMENT**

\* The Debtors in these Title III cases, along with each Debtor’s respective Title III case number listed as a bankruptcy case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19 BK 5523-LTS) (Last Four Digits of Federal Tax ID: 3801).

The Fuel Line Lenders submit this reply with respect to the *Objection to Fuel Line Lenders' Urgent Motion For Examination of the Oversight Board Under Federal Rule of Bankruptcy Procedure 2004 Concerning Vitol Settlement Agreement* (Dkt. 3074 in Case No. 17-4780) (the "Objection"),<sup>1</sup> and respectfully state as follows:

### **REPLY**

1. In August, the Oversight Board entered into a settlement agreement with Vitol. It did not seek court approval under Rule 9019 or otherwise disclose the terms of the settlement. When the Fuel Line Lenders asked to see the settlement agreement, the Oversight Board refused. The Fuel Line Lenders then filed their Rule 2004 Motion.

2. The Oversight Board has apparently rethought its position, as it has publicly filed the Settlement Agreement<sup>2</sup> with its Objection. The terms of the Settlement Agreement confirm what the Fuel Line Lenders suspected: namely, that the settlement with Vitol was transparently designed to try to create an impaired accepting "class." The Settlement Agreement states on its face that Vitol, after agreeing to accept a lower recovery than non-bond general unsecured creditors, will be classified separately from those general unsecured creditors. Settlement Agreement ¶ 1.b, 1.c. The Oversight Board will apparently take the position that a general unsecured creditor (here Vitol) can be classified separately merely because, to resolve an objection, it has agreed to reduce the amount of its claim. That is an exceedingly weak foundation on which to build a plan.<sup>3</sup>

---

<sup>1</sup> Capitalized terms not defined have the same meaning as in the Objection.

<sup>2</sup> Dkt. 3074-1 in Case No. 17-4780.

<sup>3</sup> In the First Circuit, "[s]eparate classifications for unsecured creditors are only justified where the legal character of their claims is such as to accord them a status different from the other unsecured creditors." *In re Granada Wines, Inc.*, 748 F.2d 42, 46 (1st Cir. 1984). An agreement to take less does not alter the claim's legal character. *Id.* at 46-47; *see generally* 11 U.S.C. § 1123(a)(4) (lesser recovery does not

3. Now that the Settlement Agreement has been publicly filed, the only open portion of the Motion is the Fuel Line Lenders' request for communications with Vitol. That request was included in the event the Settlement Agreement was silent on the connection between the settlement and Vitol's treatment, classification, and voting obligations for any plan. But as it happens, the Settlement Agreement is clear on that point. Production of communications with Vitol is therefore unnecessary at this time. (If the Oversight Board tries to predicate a plan on the Vitol settlement, the Fuel Line Lenders will serve discovery, including of relevant communications, after the plan is proposed.)

4. Accordingly, the Fuel Line Lenders believe that the Motion has been effectively resolved by the public filing of the Settlement Agreement.

### **CONCLUSION**

The Rule 2004 Motion has largely been mooted by the Oversight Board's production of the Settlement Agreement. The Fuel Line Lenders are prepared to withdraw the remainder of the Motion without prejudice to seeking further discovery in connection with any plan.

---

require separate classification).

Dated: November 14, 2022

/s/ Jose L. Ramirez-Coll

Jose L. Ramirez-Coll  
USDC-PR No. 221702  
ANTONETTI MONTALVO & RAMIREZ  
COLL  
P.O. Box 13128  
San Juan, Puerto Rico 00908  
Telephone: (787) 977-0303  
Facsimile: (787) 977-0323  
Email: jramirez@amrclaw.com

/s/ Emil A. Kleinhaus

Richard G. Mason (admitted *pro hac vice*)  
Amy R. Wolf (admitted *pro hac vice*)  
Emil A. Kleinhaus (admitted *pro hac vice*)  
Angela K. Herring (admitted *pro hac vice*)  
Michael H. Cassel (admitted *pro hac vice*)  
WACHTELL, LIPTON, ROSEN & KATZ  
51 West 52nd Street  
New York, New York 10019  
Telephone: (212) 403-1000  
Facsimile: (212) 403-2000  
Email: rgmason@wlrk.com  
arwolf@wlrk.com  
eakleinhaus@wlrk.com  
akherring@wlrk.com  
mhcassel@wlrk.com

*Attorneys for Cortland Capital Market  
Services LLC, as Administrative Agent*

**I HEREBY CERTIFY** that on this same date I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send electronic notification of such filing to all counsel of record. I also hereby certify that the foregoing was served pursuant to the Sixteenth Amended Notice, Case Management and Administrative Procedures Order (Docket No. 20190).

s/José L. Ramírez-Coll  
José L Ramírez-Coll  
U.S.D.C. No. 221702  
ANTONETTI MONTALVO & RAMIREZ-COLL  
P.O. Box 13128  
San Juan, Puerto Rico 00908  
(787) 977-0312  
email: jramirez@amrclaw.com